ECONOMIC PROBLEMS OF LATIN AMERICA AND THEIR RELATION TO UNITED STATES ECONOMIC POLICY

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ECONOMIC PROBLEMS OF LATIN AMERICA AND THEIR RELATION TO UNITED STATES ECONOMIC POLICY

INTRODUCTION

The basic economic problem of the Latin-American countries is one of standard of living. As measured by per capita income, it is among the lowest in the world, averaging little over $100 per year; and in some regions of Brazil and Paraguay it is as low as $15 per year.[1] From this basic problem stem many others growing out of the geographic, historic, racial and political backgrounds; and many special problems indivdual to each country but largely common to all in the realms of trade, capital, development of resources and industrial progress.

In this paper the economic problems of Latin America will be discussed from the viewpoint of the effect on, and the importance to United States security, economic policy and foreign trade. It is proposed, first to outline briefly the fundamental considerations, both political and economic, of Latin America's importance to the United States; and next to develop the economic problems in light of those factors. In presenting the problems it will be shown how they originated from the geographic and historic backgrounds, and from the undeveloped structure of the economy. From that point the problems will be analyzed in greater detail under the functional headings of agriculture, mining, industrialization, trade and foreign investment. Finally, conclusions will be drawn as to current trends and possible lines of action arriving at solutions which may prove beneficial both to Latin America and the United States.

ECONOMIC PROBLEMS OF LATIN AMERICA AND THEIR RELATION TO UNITED STATES ECONOMIC POLICY

Part I
THE IMPORTANCE OF LATIN AMERICA TO THE UNITED STATES

Strategic Location

The economic problems of Latin America can not be viewed in the United States with the impersonal complacency and sympathy that may be taken toward other undeveloped areas of the world. The western hemisphere is, to a very great extent, a geopolitical entity of which Latin America is an integral part and the United States the dominating power. It therefore exercises great influence on the security position of the United States particularly with reference to ocean lines of communication both in the Atlantic and Pacific and to the value of our advanced bases guarding the Panama Canal and southern approaches from a European or Asiatic enemy. Furthermore, the strategic position of the United States in the western hemisphere depends upon the character and attitude of other western hemisphere countries. There are friendly countries on both the north and south borders, so it is not necessary to divert any of our military strength to the defence of the borders. Our position is further strengthened by the fact that none of the Latin-American countries have sufficient strength to challenge our security position; and none of our potential enemies have been able to develop dangerous spheres of influence in the hemisphere. Since economic factors are basic to all political and military policies, the internal and external problems of Latin America are necessarily of great

significance to the world position of the United States.

Latin America contributed a great deal to the fulfillment of our objectives in World War II. It helped present a united hemisphere for defense; it supplied bases for protection of the Panama Canal and ocean trade in both the Atlantic and Pacific; it furnished invaluable critical materials, foods and raw materials. Without that hemispheric unity, our task in the war would have been immeasurably larger.[2] Small wonder that the objectives of the United States in the western hemisphere point more and more toward developing collective security and improving economic conditions in Latin America.[3]

United States Trade with Latin America

The United States has a selfish interest in the economic problems of Latin America. Many of its products are complementary to our economy and the volume of its trade with us is a large factor in our total wealth. For instance in the period just before the war, 20% of our total import trade and 24% of our total export trade was with Latin America, and since the war, nearly one third of our total trade has been with our good neighbors.[4] The value of that trade has been inestimable to us. Table I lists twenty five critical United States war materials which were obtained in large part from Latin America before the war, and since that time many more have been added. What would we have done without the quartz crystals, nickel, tungsten, tin, manganese, chromium, quinine, platinum and abestos, in which Latin America was practically our only supplier during the war. Of only slightly less importance are many foods which we obtain almost entirely from Latin America, among which

are coffee from Brazil, bananas and other tropical fruits from Central America, sugar from Cuba, cocoa from Brazil and Ecuador and vegetable oils from Brazil and Argentina.

Political Influence

Our country also has a definite responsibility for the welfare of Latin America. Throughout our history we have jealously guarded the Latin-American countries from penetration by alien powers and not always with their consent. Much of our policy toward Latin America was marked by economic imperialism and intervention. In 1846 to took extensive territory from Mexico, in 1898 we annexed Puerto Rico and made Cuba practically a dependency, in 1903 we promoted a revolution in Colombia to gain the Panama Canal, and later came our arbitary occupation of Haiti, San Domingo, and Nicaragua. We forcibly molded Latin America to fit the needs of our security and economic expansion, and it is only in recent years that we have become awakened to the responsibility of a good neighbor.

Part II
THE BACKGROUND OF THE ECONOMY

Section 1
Problems Basic to the Historic and Geographical Background

General Considerations

Latin America includes all the western hemisphere south of the Rio Grande, twenty independent republics covering an area of 8 million

square miles and extending from north to south some 7,000 miles. No region has greater physical and climatic contrasts.[5/] Climatically South America resembles Africa more than North America, with most of its area in the tropics, and Uruguay is the only country lying wholly within the temperate zone. The terrain of Latin America is characterized by the barren ranges of the Andes, the immense area of the Amazon lowlands and a number of highland plateaus. Geographically Latin America may be separated into three areas: the Caribbean area, the east coast countries and the west coast countries. The Caribbean countries including Venezuela and Colombia are close to the United States, and being in the tropics, produce agricultural products which are complementary to the economy of the United States. They are also important by their location within the security zone of the Panama Canal and southern approaches to the United States. The east coast countries, excluding the Amazon area, lie largely in the southern temperate zone and produce agricultural crops which are in general competetive with the United States. The west coast countries are mountainous and thinly populated. Except Chile, their agricultural production is small and their economies based on mining.

Distribution of Resources

The many agricultural and mining areas are widely separated from each other and intercommunication rendered most difficult. The richest agricultural areas are the southern highlands of Brazil and the plains of Argentina and Uruguay. Mineral resources are concentrated in the Andes. They are extensive but the inaccessibility of deposits, transportation difficulties and lack of capital have prevented any

widespread development.[6] Latin America thus has potentialities for industrialization in some of the countries. However there is little hope of Latin America becoming important in heavy industry. Heavy industry can not exist economically without domestic coal and this is Latin America's greatest mineral deficiency. The known deposits are scarce and these are of very poor quality. Only in Mexico and Peru is coal found which has coking qualities, so, although many Latin-American countries desire development of a steel industry, it is unlikely that any can be developed capable of competing in the world market.[7] (See also Part III, Section 3.)

The Problem of Land Ownership

The history of Latin America also throws light on the present problems of the area. Settled largely under the Spanish and Portugese empires, the southern Americas experienced more than three centuries of colonial rule. Political, economic and social institutions built around the master and serf relationship of the feudal world took firm root in the new world where a relatively small group of Europeans had seized power over large numbers of native Indians. The concentration of wealth in the hands of a small minority of the people, the absence of any large or influential middle class, and the control of the government by the landed aristocracy, the army and the clergy continued and they persist in most Latin-American countries today. The concentration of wealth is particularly characteristic of the major industries, mining and agricultural production for export. The possessors of economic power in these countries also enjoy sufficient political influence to prevent fundamental social change.[8] As examples of the land problem, in Chile 7% of the population owns all the arable land,

in Bolivia 5 to 7% own both the arable land and the mining areas, in Argentina a third of the land under cultivation is in estates of 25,000 acres or more. Huge landholdings like these are general throughout Latin America. 9/

Nowhere in Latin America are found landholdings comparable to the 100 acre or quarter section farms of our middle west. There are relatively small farms in every Latin-American country but they are comparatively few in number and nowhere do they set the customary pattern of land tenure. As a rule they tend to be squeezed between the large estates which occupy the best land, or on the poorer land beyond the large estates. The average large landholding is seldom efficiently operated. The general absence of real estate taxes encourages large holdings and reduces incentive for improving methods. In addition there is a large percentage of absentee ownership, leaving administration of the land in the dubious care of a paid manager. 10/ As a result of conditions like these, much of the land is idle or poorly worked, agricultural development is retarded and the standard of living kept low. (See also Part III, Section 1.)

Population and Racial Problems

Population is another fundamental factor in the economic problems of Latin America. With the exception of some of the smaller countries, Latin America is greatly underpopulated. In the large countries of Brazil, Argentina and Peru the population is about 15 per square mile as compared to 46 in the United States. 11/ This relatively small population density must be regarded as conducive to a lack of sufficient labor force for economic development. This is a weakness because it limits the amount

of labor force available for employment in new projects. Furthermore, due to the agricultural nature of the economy, there is relatively little unemployment, so progress in economic development may be accompanied by a decrease in agricultural production. This weakness can be minimized only by long-range education and improvement in technological agricultural methods so that adequate production may be effected by a relatively smaller labor force. This is the case in the United States where agricultural workers represent only 20% of the labor force as compared to about 70% in Latin America. Another weakness which low population density suggests is that of local markets.[12/] The economical advantages of mass production can be realized only if the domestic market is large enough to absorb the products. When markets are small and widely separated, distribution and transportation costs become increasingly large factors in the production. (See also Part III, Section 3.)

Racial characteristics also have direct bearing on economic problems. Life is leisurely in Latin America. Nowhere do the people have the force and drive and speed methods of their North American neighbors. Half the population of Latin America is mestizo (white and Indian), one eighth are pure Indian and about one fourth are white.[13/] The Spanish and Portugese settlers left a heritage of contempt for menial labor and this continues today among the upper classes. The Indians have a tendency to cling to their subsistence level of living on small farms and oppose changes of any kind. They are generally lazy and show poor response to efforts to improve their standards. In addition the percentage of illiteracy, particularly outside the few large cities, is very high, over half the countries with 50% or more.[14/] A long period of increased education

will be necessary before the level of technological knowledge and skill of the people can be brought to the point which will adequately meet the demands of industrialization.

The Problem of Political Instability

Political instability has always been one of the major impediments to economic progress in Latin America. When those countries were liberated a half century after United States independence, they adopted constitutional forms of government but they were not ready for it. The feudal system persisted and self-government was doomed in a society based on the traditional relationship of a powerful landlord class and a dependent class of illiterate peasants. The slow progress of economic evolution was a challenge to that type of society. The introduction of foreign capital brought competitive influences, and the same process created a class of factory and transport workers who form a nucleus of democratic and sometimes radical leanings.[15/] The old order of strife between landlords for power thus gradually evolved into a beginning of a social revolution. More and more the economic condition of the people became a primary factor in stability of government. In the 1930's an epidemic of political disturbances broke out all over Latin America, originating in the popular suffering and discontent resulting from the world depression. After World War II a series of armed revolutions again rocked Latin America, all characterized by a new radicalism typical of social revolution. Military coups have set aside constitutional regimes in Peru, Venezuela and Panama, and revolts have nearly succeeded in Bolivia and Guatamala. In Chile the government has been plagued with conspiracies originating among the

generals, and Colombia is now ruled by an army supported dictatorship. This new militarism is of a different type from that of the past. It is characterized by a growing awareness of the social revolution.[16] The abject poverty of the people, the weakness of the governments, and the postwar economic dislocations present a fertile field for communism, and pure opportunism could result easily in the army identifying itself with the communist reform movement. Party membership throughout Latin America already exceeds 300,000 and partial effects on government have been apparent in Brazil, Chile, Mexico and Cuba. American policy must recognize this dangerous trend and combat it by strong economic support which, by increasing Latin-American prosperity, will attack the roots of radicalism.[17]

Section 2
Problems Basic to the Structure of the Economy

The Effect of Single-Crop Economies

Latin America is rich in both agricultural and mineral resources and the countries' economies are based on their abilities to sell these primary products to the highly industrialized nations of the world. Latin America is not however a homogeneous unit. The countries are in various states of development based on widely different effects of resources, climate and geography. Nevertheless, they have one important characteristic in common. The countries are all engaged in production of raw materials and crude foodstuffs for export and they all import a wide variety of manufactured goods.[18] This need for export trade has led the countries to a pronounced concentration of production on the few exports which would bring the largest profits, and has developed a situation in which the

prosperity of the countries has depended upon the foreign demand for these few products. (See also Part III, Section 1.)

With respect to export commodities, Latin America may be roughly divided into three principal groups. First, the mineral exporting countries are comprised of Mexico (silver, lead, copper, oil), Venezuela (oil) and the west coast countries, Colombia (oil and gold), Peru (copper, silver, oil), Bolivia (tin, zinc, silver, gold), and Chile (copper and nitrates). Second, the agricultural and livestock countries of the temperate zone are comprised of Argentina, Uruguay and Paraguay and southern Brazil (meat, wool, hides, skins, cereals). Third, the agricultural countries of tropical climate are comprised of the Central American, Caribbean and northern countries of South America (coffee, sugar, bananas, cocao, vegetable oils).[19/] Table II indicates the heavy extent to which each of these countries is dependent on a single export product. It is easy to see the danger of an economy based on a single crop. For instance, a failure of Brazil's coffee crop, or a large decrease in foreign demand for a single product such as happened in the case of Chile's nitrates would come close to wrecking the economy. This is even more important when it is realized that export sales before the war accounted for from one third to one half of total domestic production compared with only 8 to 10% in the United States.[20/] This pattern of economy has a very serious influence on the stability of prosperity in the various countries. Variations in world demand and prices of these products distort the local economy to a degree that is not possible in a country with a well balanced internal economy or which is less dependent on export trade. When serious slumps appear in the markets of the major product, not only is the general

standard of living quickly depressed, but government revenues fall off heavily and government activities except for the army are curtailed for the duration of the crisis.[21] This was the case during the United States depression of the '30's. The heavy fall in the United States price system discouraged the trade of export nations, and total trade took immense drops. Between 1929 and 1932 the value of total Latin-American exports dropped two thirds.[22] This proved almost catastrophic to these countries dependent to so large an extent upon their foreign trade. All Latin-American countries realize the importance of this effect, and its correction by diversification of agriculture and manufacturing is high on their priorities of domestic policies. (See also Part III, Section 4.)

The Effect of Foreign Trade on the Economy

It is also interesting to note how the character of the products produced in each region influences the direction of its foreign trade. Obviously the raw materials of the mineral export countries are in demand by all of the highly developed industrial nations which include the United States as well as European industrial countries. The temperate climate countries have products competitive with those produced in the United States, so their export trade is directed primarily toward Europe. The third group have tropical products which are complementary to United States economy, and furthermore, being geographically close to us, consistently ship over half their exports to us. It is thus evident that only the tropical countries of Latin America approach hemisphere self-sufficiency; the economies of the remainder being influenced more by

trade with Europe than with us. Table III shows the relative importance of European trade to Latin America, and Table IV gives the position of the United States in their foreign trade. Of the total, 30% of the exports in 1938 went to the United States, and 33% went to Europe. In imports the United States supplied 34% and Europe 35%. From the United States standpoint though, a more realistic view of the value of our trade with Latin America is gained by expressing it in terms of United States imports and exports. In that year we sent 18% of our total exports to Latin America and received 25% of our total imports from there. During the war our trade with Latin America increased tremendously, and it continues during the postwar years. In 1947 27% of our exports went to Latin America and nearly 38% of our total imports were supplied by them.[23] While Latin America's share of world trade is still small, it is worth mentioning that her position is decisive in many products. Argentina is one of the world's largest exporters of wheat and meats. In corn Argentina ranks second and Brazil fifth among producing countries. Latin America exports 80% of the world's linseed, nine tenths of the world's coffee and two thirds of the bananas. Venezuela is the world's second largest producer of petroleum, and Chile the only source of natural sodium nitrate. Colombia is the world's source of platinum, Brazil of rock crystal and Peru of bismuth and vanadium. And in addition to these, Latin America ranks near the top in production of silver, copper, tin, iron ore, tungsten and zinc.[24]

The Effect of Capital on the Economy

In discussing the structure of the economy of Latin America,

we have shown how foreign trade acts as a major factor in influencing the entire economy. There is one other factor which is integral with the structure of the economy and which exerts major influence. That is the use of foreign capital. Savings in Latin America are very small. Comment has already been made on the low per capita income of the countries. In most of the countries of the region savings are made mostly by a small high income group as well as by industrialists and commercial enterprises. Those accumulated by low income groups are very limited or negative. Savings are not only of small magnitude but are misdirected to a large extent into real estate including public buildings, apartment houses for high income groups and other similar projects which have no effect on increasing production or exports. In addition the domestic private enterprise tends to hold large liquid assets in preference to reinvestment of profits in their businesses. As a result the availability of savings for investment is exceedingly low and the only satisfying solution for economic development is foreign investment.[25] Just prior to World War II United States capital investments amounted to over 4 billion dollars or approximately 35% of all United States investments abroad. British capital investments were even larger amounting to about 5 billion dollars.[26] The United States therefore has a large financial stake in the economic development of Latin America, as well as deep humanitarian, political and military interests. (See also Part III, Section 3 and 4.)

Part III
DISCUSSION OF CURRENT ECONOMIC PROBLEMS

There are many current and immediate economic problems of Latin America which have arisen due to the dislocations of two world wars and

a rising nationalism crying for industrialization and economic self-sufficiency. These will be treated under the headings of agriculture and mining problems, industrialization problems, trade problems, and foreign investments.

Section 1
Agricultural Problems

General Considerations

Agriculture is the basic economy of Latin America with over two thirds of its total population engaged in agricultural pursuits as compared to from 20 to 30% in the highly industrialized nations.[27] Even in countries deriving most of their incomes from mineral exports, the population on the whole is essentially agricultural. The number of persons engaged in mining ranges from 2% in Mexico, Peru and Venezuela to 6% in Chile.[28] It is evident then that economic development in Latin America must be directed primarily toward improving the income and standard of living of the agricultural worker. Agriculture is faced with three special problems: first, the problem of surpluses, including their postwar adjustment; second, the problem of diversification thus reducing the dependence upon one or two export products; and third, the problem of improving agricultural techniques.[29]

The Effect of Surpluses

During the war there was a great stimulus to food production in the major products of coffee, wheat, meat, cocao, sugar and cotton which in many years are grown in excess of world demand. In addition production was greatly increased in a number of products such as rice, flaxseed,

vegetable oils, rubber, cinchona, insecticides, etc. which can be produced in excess of domestic needs would tend to become surpluses. Even in normal years, cost of production of these items varies in different parts of the world and a problem of obtaining prices satisfactory to producers exists. For instance the United States and Canada compete with Argentina in the exportation of wheat. If they are able to sell it, either through export subsidies or cheaper production costs for less than would be remunerative to the Argentina producers, then the latter would be left with a wheat surplus, or forced to sell only in markets not covered by the larger producers. These problems are also exaggerated by the fact that due to the inherent nature of the economy where income is so directly influenced by foreign trade, a small reduction in export trade has an immediate effect in reducing the prosperity of the countries. This problem involves Latin America's dealings with the rest of the world and the solution must be approached on that scope. In this, the United States has taken the lead. The Inter-American Coffee Commission has brough some stabilization to coffee production.[30/] The International Wheat Agreement of 1948 is bringing wheat under control, and although Argentina and Uruguay are not members, they will benefit from the controls exercised in the United States, Canada and Australia.[31/] An international cotton advisory committee has also been established, and while as yet the committee acts only for the exchange of information, it is organized to act as a control body if cotton surpluses should become serious.[32/] That however is only the beginning. Further international cooperation is needed on other products, and surveys should be made for the purpose of providing reliable information on which to reduce production on high cost crops which can be grown more economically in other

parts of the world.

The Effect of One-Crop Economy

The war also brought forcibly to the attention of Latin-American countries the faults of their one-crop economy. In addition to the financial dislocations to export trade, it was found that a number of foods which had been imported for domestic consumption were no longer available after the war started. When realization came of the real need for greater diversification of agriculture, it was discovered that many of the food products which had been imported could actually be grown economically for home consumption. Most of the countries are now making some headway with diversification. Many of them made an effort to become self-sufficient in wheat, rice, oil seeds, sugar and cotton. Some progressed to the extent that they even became exporters in some of the new crops, such as rice in Ecuador and wheat in Chile. In addition, dairy products, which have been a great deficiency in the Latin-American diet, are receiving preferential attention in several countries.[33/] Much progress has already been made and careful nurturing of this needed trend will do much to lessen the dependence of Latin America on foreign markets. Thus diversification of agricultural crops is reducing the extreme sensitivity of Latin America to world demand for its few export products; and the failure of a single major export crop or a change in world demand for it will be offset to a large extent by continued trade in other products.

The Effect of Poor Agricultural Techniques

Improvement of agricultural techniques has received little

attention in Latin America. The small farmer is too poor and too illiterate to invest in better equipment and to make improvements in agricultural methods without a great deal of outside assistance, and the governments have concentrated their efforts on industrialization and the export trade to the detriment of farm improvement. The productivity in agriculture has been at a very low level. This problem has been recognized in the United States as of primary significance. Since 1938 our Department of Agriculture has initiated a number of agricultural surveys, established experimental agricultural stations and furnished skilled agricultural experts. Our assistance has also extended to the exchange of agricultural students, and to public health and other types of direct assistance to the Latin-American farmer. One of the most successful assistance measures has been The International Basic Economy Corporation (IBEC). This is a venture organized in 1947 by Nelson Rockefeller. It is designed to encourage food production and agricultural "know-how" through the assistance of American experts in specific projects. Each project is carried out as a joint enterprise where the Latin-American country supplies part of the capital and labor. The local nationals take over the project as soon as their level of skill and productivity permit.[34] In addition, the Point IV program will give future impetus to agricultural aid. In April of this year the Economic Council of the American States agreed to appropriate a total sum of $2,600,000 for development of Latin America with emphasis on technical assistance and education.[35]

We can anticipate great strides in agricultural productivity, but maximum benefits will not reach the millions of poor unless the assistance is accompanied by some sort of land reform. All Latin-American

countries are attempting to deal with this problem but it is a slow process where the land and the government are nominally controlled by the same class of society. Even in Mexico where land reform was one of the primary objectives of the social revolution which started in 1911, only partial redistribution has been effected. In other countries, the nationalist trends seen in recent military dictatorships may give some impetus to more rapid land reform. Looking toward the future, there appears to be a great potential for development of agriculture in Latin America. There are great areas of suitable land not yet developed and if the agricultural workers are assisted in obtaining greater productivity, Latin America may become a major source of the world's foods.

Section 2
Mining Problems

Five Latin-American countries, Venezuela, Bolivia, Peru, Chile and Mexico, derive the major part of their income from mining and petroleum. 36/ Some of the mining problems are similar to those described for agriculture, dependence on one product and market for surpluses. For instance Bolivia depends to a great extent on tin for its prosperity, and it will face heavy competition from mines in southeast Asia as soon as those mines become fully operative again. To a lesser extent Chile faces the same problem with copper and nitrates. The largest handicap to mining is transportation. (See also Part III, Section 3) Most of the minerals are located well inland in the high Andes and in the Mexican Sierras and Latin America will have to await a much higher level of industrialization before those mines can be worked economically. Another problem is the fact that most of the capital employed in mining has been invested by foreigners, and any

considerable expansion of the industry will be dependent on the treatment of foreign investments by the various governments.[37] In recent years many discriminatory restrictions have been placed on foreign investments, particularly in the mining industry and it is not likely that new capital will be available in large amounts unless that attitude is changed. (See Also Part III, Section 5.) As far as the interests of the United States are concerned, a very important problem will be availability of the many critical materials which Latin America can supply during time of war. Here we must rely on our Good Neighbor Policy to retain those countries as our friends and allies.

Section 3
Industrialization Problems

General Considerations

Industrialization is the dream of every Latin American. We have discussed the fundamental economic problems as they were related to the historical background and structure of the economy. The logical solution to these problems does point to increasing industrialization. It appears to be a means whereby a substantial increase in the standard of living can be achieved, for after all, standard of living may be measured by the net supply of manufactured goods and services available for domestic consumption.[38] As soon as man is able to obtain more than the subsistance level of food, his first desire is possession of the luxuries represented by manufactured goods. The manufactured goods which he requires may be obtained either by import or by domestic production, while his income for purchase of these goods may be obtained either through employment in producing

agricultural and mining products for export or by employment in home industry. However, industrialization in Latin America is a more complex problem than just the erection of factories. For balanced development, it involves accessibility of raw materials and power, technological skill of management and labor, transportation, availability of markets, and the all important factor of investment capital.

The Effect of Distribution of Resources

The Latin-American countries vary greatly in possession of balanced resources particularly in those of power such as coal, petroleum and hydroelectric sources, and none of the countries has deposits of high-grade coking coal which is a "must" for a prosperous steel industry. Processing of agricultural and pastoral products is, in general, the only industry in which Latin-American countries are self-sufficient in raw materials. In all the metal-working industries many of the raw materials must be imported, this amounting to as much as 40% in the countries of Argentina and Chile.[39/] It is evident then that industries of this type are uneconomical and will require protective tariffs and subsidies. This is one of the greatest problems Latin America will have to face in its quest for greater self-sufficiency and one which will need great care in its solution. Most new industries in undeveloped areas require some government support while being established, and often it is difficult to foretell whether a new industry will eventually become self-supporting or not. It is, therefore, very important that the progress of industrialization be based on detailed plans and surveys to prevent as far as possible, growth of uneconomical industries which can only be drags on the economy.

The Effect of Transportation

The topography of Latin America has made transportation another major problem for the development of industry. The mountains, desert stretches and vast jungles present formidable barriers to highways and railroads; only one of the rivers, Rio de la Plata, reaches populated areas.[40] Of the entire continent only eastern Argentina, Uruguay and the southern tip of Brazil have anything approaching an adequate railway system and even here the rail mileage per square mile is less than one third that in the United States.[41] Most of the important cities are on the coasts and intercommunication is mostly by ship. In Colombia for instance, some of the coastal towns have found it cheaper to import wheat from abroad than to bring it from Bogota and its adjacent highland area.[42]

The Effect of Markets

Unavailability of large domestic markets represents another factor which retards industrialization in Latin America. The twenty sovereign nations each with its own frontier customs and protective tariffs thus form twenty distinct market areas. Only five of the countries have populations over five million, and furthermore, the purchasing power of the inhabitants is very low, it being in the nature of one fifth that in the United States. Then if one pictures these markets distributed over an area two and one half times as large as the United States and adds the factor of very poor transportation, it is easy to conclude that there can be little incentive to build large, low-cost, mass-producing industries comparable in structure to those which are so successful in the United States.[43]

The Effect of Capital

The overriding problem of progress in industrialization is one common to all underdeveloped countries, that of capital. Since savings in Latin America were of such a low order, it was only through foreign capital that a beginning could be made; first in the elementary processing of primary products for export then in the building up of local industries in textiles, leather, paper, chemicals and the like which filled a domestic need. It has already been mentioned how British and American capital started the early development. The handling and treatment of this capital introduced additional problems affecting both the Latin American economy and political relations with the creditor countries. (See also Part III, Section 5.)

The Effect of Low-Worker Productivity

Another handicap, and one which only time can solve, is the low productivity of the Latin-American worker with the high percentage of illiteracy, poor health and lack of experience with mechanization. For that reason if no other, it is clear that industrialization cannot be attained in the great hurry for which Latin Americans hope.

The Effect of Economic Nationalism

The rising industrialism was accompanied by a flood of economic and political nationalism, reaching a climax after the depression of the '30's. Latin America forgot the benefits derived from foreign capital in expanding their industry and began to look upon it as a foe. The desire to keep wealth at home gained great headway, and the countries

legislated more and more restrictions against foreign control of their industrial enterprises. In this atmosphere of nationalism a definite trend was developed toward nationalization of industries, particularly mines, petroleum, public utilities and railroads. This new nationalism went to the extreme of expropriation in Mexico and Bolivia where oil properties were seized by the governments.[44]

The nationalistic attitude was also manifested in the spurt given to industrialization. The desire for greater prestige among nations and for self-sufficient home industries has taken on the cloak of national policy in the Latin-American countries. The war boom facilitated the expansion of small industries, and as a result, increases in production of 1947 over 1937 were registered in amounts from 30 to 50%.[45] Some of this development was sound especially in those cases where most of the raw materials were easily accessible, and the home market was sufficiently large to absorb the output of the industry. In many cases however the expanded industrialization has been unsound in that the production costs are so high that the industries must be given government financial assistance in high protective tariffs and restrictive exchange controls which are effective barriers to multilateral trade and a gradual approach to socialistic government resulting from the need for controlling industries and trade. In the past the United States, the United Kingdom and other large nations have been guilty of these same restrictive practices, but experience has shown that they are not condusive to world economic prosperity. Low trade barriers hamper the growth of uneconomical industries, encourage trade in products which are most economically produced and result in generally lower prices and a higher standard of living. The United States in late

years has been a leader in a long-range program to reduce tariffs as a means of restoring world multilateral trade, as exemplified by the Reciprocal Trade Agreements of 1934 and a continuing foreign economic policy encouraging a greater extent of free trade. Our example, however, has been on too small a scale to have any real influence in increasing Latin-American prosperity; and after all, it is a lack of prosperity which forces the use of protective controls.

In their blind nationalism, Latin Americans refuse to face the hard fact that their countries are not ready for rapid industrialization. As a whole, they lack fuel and diversified resources and the technological skill and mass markets which industry demands. In all these countries possibilities exist for limited development of small consumer industries in competition with imported products and much greater development of agricultural and mining techniques and industries for processing agricultural and pastoral products.[46/]

The Outlook for Future Progress

But in spite of all the handicaps real progress in industrialization is being made especially in the temperate zone agricultural areas of Argentina, Uruguay and southern Brazil, and to an increasing extent in Mexico and Chile. The process of industrialization was greatly stimulated by the two world wars which rendered it impossible for Latin America to obtain large quantities of the imports it needed both in foods and manufactured goods. This emergency revealed forcibly to them the necessity for a greater degree of self-sufficiency which would both satisfy the demands for domestic consumption and at the same time protect economies to some

extent from the adverse effects of violent fluctuations in foreign trade. The United States can be a force for great good in helping Latin America toward reasonable solutions to the industrialization problems. Even though they do not want our advice, they are anxious for our help, and by wise negotiations for the encouragement of investment, in offering technical assistance, and in joint economic surveys to prevent uneconomical expansion, we can guide Latin America toward sound industrial progress.

Section 4
Trade Problems

General Considerations

It has been indicated earlier that foreign trade and foreign investments were major factors in Latin-American economies. Problems involving these factors are therefore of primary importance in this discussion. As was the case in other parts of the economies, many foreign trade problems were products of World War II or exaggerated by it. Among these are Europe as a source of trade, effects of the dollar gap, increase of tariff and exchange controls and the rise of domestic inflation.

The Effect of European Trade

Before the war over 50% of Latin America's export trade was with Europe and in some countries such as Argentina and Uruguay, it was nearly 75%. During the war, central European markets were effectively closed and Latin-American trade was drawn in large quantities to support the vast industrial effort of the United States. From the standpoint of hemisphere defense it would be greatly to the advantage of the United States to

continue dominance of Latin-American trade by supporting production of those articles which become critical to us in time of war. In peacetime however there are other factors to be considered. We are committed to a policy of world-wide multilateral trade. Many of the products which Latin America can produce for our war needs are cheaper in other parts of the world. Furthermore, many of their basic products cannot be absorbed entirely in the United States. Such things as meat, hides, wheat, corn, wool, cotton, coffee, sugar, tin, copper, and nitrates are surplus to the western hemisphere and must find outlets in Europe. It is evident then that our two continents are not even reasonably complementary in self-sufficiency of our economies.[47] After hostilities ceased, Latin America continued to be plagued with difficulties in restoring her European trade. The countries were so devastated by the war that they were forced to restrict imports to the barest minimum while they concentrated on building up domestic production. As a result of this condition, Latin-American prosperity will be dependent to a large extent upon the rapidity and extent of European recovery.

The Effect of the Dollar Shortage

The problem of restoring European trade has also been greatly aggravated by the world-wide dollar shortage. Foreign currencies are no longer freely convertable into dollar exchange, so Latin-American countries are practically reduced to the necessity for balancing bilateral trade. For example when Argentina sells her wheat to Great Britain, she receives her payment in sterling exchange and this can be used only to purchase manufactured goods from sterling countries. However, Argentina's import

needs are largely industrial equipment and producer goods which can be bought more cheaply in the United States, and in some cases the imports she wants are available only in the United States. This same condition is true to a greater or less degree in all Latin-American countries, so there is a strong compulsion to export their products to the United States in preference to European countries even though the financial returns are less. This, then, is another example of how Latin America is handicapped in following the economical road to industrialization, selling her agricultural products at most favorable prices to Europe and buying industrial equipment at low comparative costs from the United States. This has resulted inevitably in increasing exchange controls and a bilateral barter system of trade. It is postwar problems of this nature that the International Trade Organization is attempting to solve but little progress can be made until causes for the dollar gap can be removed. The economic recovery of Europe will hasten the solution, but much will depend on the ability of the United States to reduce the gap between its imports and exports. This large export balance has created a large balance of foreign exchange in the United States and a corresponding shortage of dollar exchange in the rest of the world. This has to be controlled, of course, by requiring other countries to use only dollar exchange in buying United States products, and the major factor in creating larger dollar exchange is through an increase of United States imports. Until we, as a matter of economic policy and through implementing political action take steps to buy as much as we sell to the rest of the world, there will continue to be a problem of dollar exchange. There are definite signs in 1950 that a solution to this problem is being reached. The rapid recovery of European

industry through Marshall Plan aid is already apparent in larger European exports, and for the first time since before the war, United States imports in August 1950 exceeded United States exports.[48] If this trend continues, the postwar period's most perplexing problems of currency interchange and miltilateral trade will be much closer to solution.

The Effect of Tariff and Exchange Controls

Latin America has taken every conceivable means of monetary, exchange and tariff controls in attempts to stabilize its trade and control its progress of industrialization.[49] Foreign trade is subject to a great variety of external influences and it is only natural that Latin Americans should make every effort to combat and control them. The use of controls on trade are products and results of many and varied economic problems. Tariffs are largely used for revenue and they have the effect of creating very high prices for imported goods. In several countries the import tariffs average 60 to 70% of the value of total imports. Tariffs are also used to encourage or restrict certain types of imports. However it is through exchange control that Latin America attempts to solve most of its trade problems. Local industries are protected by preferential exchange rates, imports are controlled by allocating exchange, surplus products are distributed abroad by exchange subsidies, and exchange controls are used for bargaining purposes in negotiating bilateral trade agreements. Because of the economic dislocations of the war, exchange controls are used more widely than ever in Latin America. The effect of exchange controls as thus exercised is creation of temporary remedies for immediate economic problems, but it also produces regimentation and control of the allocation

of economic factors and becomes protectionistic in character.

The Effect of Inflation

A discussion of Latin-American trade problems cannot be complete without some reference to the influences of inflation. This has been a serious problem throughout their progress in industrialization. Since savings have always been small and domestic capital scarce, there has been a tendency to finance industrial expansion by bank loans to the government and to private enterprise. This in effect amounts to printing new money not backed by adequate monetary reserves. There is comparatively little unemployment in Latin America, so this creation of new money is not directed to putting unemployed resources to work; therefore the money expansion results in rapidly rising prices. Another tendency toward inflation is caused by the very processes which encourage industrialization. Exchange controls are utilized to reduce imports for the purpose of protecting domestic industry. The reduced amount of imports results in excess of demand over supply of consumption products and serves to force an immediate rise in prices. Even methods of taxation stimulate inflationary tendencies. There is a general lack of direct tax on incomes in Latin America so a slight increase in purchasing power, no matter what the source, is immediately felt in rising demand and rising prices. Generally the curbs on inflation such as direct taxation, credit control, price fixing and rationing, have been unsuccessful in holding inflation within reasonable limits.[50/]

Inflation rose to unprecedented heights in Latin America during and after the war. The war stimulated exports and also prices for export products and at the same time, caused a great reduction in the amount of

consumer goods available for import into Latin America. The result was the building of large dollar reserves with a continuing increase of demand over supply in all the countries. When the United States returned to normal consumer production after the war, the accumulated reserves in Latin America were spent on imports at a rate that amounted to dissipating them on non-essential goods. This rapid spending of exchange reserves brought about an inflationary process which raised the cost of living between 200 and 400%, while wages were unable to keep pace with the rising prices.[51/] Inflation has its largest effects on the low income groups and it is there where communism and revolt have found fertile fields in the postwar period. Another effect of inflation with serious repercussions on the Latin-American economy, has been to increase the cost and therefore also the price of export products, which in a world competetive market, can end only in decrease of export trade with further adverse effect on standards of living. So we can see that inflation as one of the foreign trade problems in Latin America is of considerable concern to us in the United States. It undermines the political as well as the economic unity among the American states and threatens the continued success of our Good Neighbor Policy.

The Outlook for Future Progress

All economists agree that the best possible solution to the problems of Latin America is prosperity in the major industrial nations and establishment of liberal trade policies by them. Relaxing trade barriers by the major countries will have the effect of bringing similar liberalization in Latin-American countries and thus stimulate a trend toward a

freer multilateral trade.[52] Here, the United States, as the world's leading exponent of the principle of multilateral trade, cannot escape the responsiblity for leadership by liberal example in abolition of trade barriers.

Section 5
Foreign Investment Problems

General Considerations

The problem of foreign investments has been held until last partially because of its major importance to the Latin-American economies, and partially because of its far-reaching political implications in our relations with Latin America. It has been said in commenting on economic problems that financial capital is what Latin America needs most of all, and that is truer today than ever before.[53] Estimates have been made that five billion dollars are needed to repair the disinvestment which took place during the war to capital equipment and for the immediate requirement for industrial expansion.[54]

The Need for Foreign Capital

Latin America is experiencing rapid progress in industrialism. It has vast natural resources to be developed and a rising domestic industry. Yet its ability to provide domestic capital through savings is at an extremely low level, and its foreign trade is feeling the adverse effect of dollar exchange shortages. Certainly at the present time the importation of United States capital both public and private should produce extremely beneficial results and therefore should be welcomed with open arms and given preferential encouragement. But in spite of the great need,

foreign capital is not welcome in Latin America. There are of course some reasons for this. In the past foreign capital was interested in high immediate returns. It exploited the resources, did little toward reinvestment and called upon its home government for intervention when profits were threatened. But of even greater importance were the foreign efforts to influence local government through its dominance in capital investments. Such was the case of Germany which established Hitler schools in a number of republics and exerted a powerful political influence which continued long after the United States entrance in World War II. Latin America cannot forget those past experiences and has shown her fear of foreign domination in a rising nationalism aimed at domination of the economies by foreign capital.

The Restrictions on Foreign Capital

This new nationalistic attitude toward foreign capital expressed itself in the form of restrictive legislation, involving government ownership of certain resources, participation of domestic capital, a complex system of licensing, restriction on transfer of profits, and exclusion from certain industries.[55/] This radical reaction against foreign interests has been effective in discouraging foreign private investment and represents one of the most immediate problems in Latin American economic progress. It is only recently that the first steps have been taken to liberalize the treatment of private capital. A treaty of "Friendship, Economic Development and Commerce" has been signed with Uruguay which is expected to serve as an example to other countries as a reasonable method of attracting private capital.[56/]

The United States Policy on Capital Aid

Latin America tends to resent the priority given to European assistance by the United States and the announced exclusion of government loans in the proposed Point IV program. They want Marshall Plan aid in preference to loans, and prefer government loans to direct private investment. In spite of our interest and responsibility toward Latin America, there is a limit to the amount of public funds which we can afford for foreign aid. Private capital must be the chief source in aiding them, and the problems of attracting it can be solved by compromise. It is in this type of aid that the United States is now concentrating its efforts through Point IV and associated programs such as those carried out by the Department of State and the Department of Agriculture, as well as special private enterprises of the type of the International Basic Economy Corporation (IBEC).[57/] It is recognized in the United States that these programs depend for their success upon solving the problem of attracting private capital and every effort is being made through exercise of the Good Neighbor Policy to achieve this result.

CONCLUSIONS

In arriving at conclusions regarding the solution of Latin America's economic problems, three separate but not too divergent viewpoints may be considered: first, what are the effects desired by Latin America of their economy; second, what effect does the United States desire of their economy; and third, what solutions will be most economically sound. We know what Latin America wants. Their desire is to attain industrialization and self-sufficiency in the shortest possible time, free from

foreign influence, and financed by a liberal sharing of United States wealth with no strings attached. Next, a few of the effects which would most benefit the United States must be considered. We want political stability and defense unity most of all, and as a corollary of that policy, we want no foreign influences in Latin America other than our own. We want Latin America to be complementary to our economy, partly so that it may benefit our own foreign trade and prosperity, and partly to give us a greater self-sufficiency in time of war. Finally we want Latin America to be prosperous, for we shall not attain either of the other effects without the last. Actually our desired gains can be closely reconciled to those which are economically sound for Latin America, and it is on this basis that United States policy is being formed and developed.

First of all we must determine how important to us are our aims in Latin America, for it is that which should decide the extent and rapidity with which we offer aid. Next we must relate our national aims to the desired effect on each of Latin America's economic problems which are summarized as follows:

Low standard of living.

Land distribution.

Political instability.

Difficulty of developing the national resources.

Lack of balanced resources in most of the countries.

One-crop economies.

Low productivity of the workers.

Low level of technological skill.

Low development of transportation.

Dependence on foreign trade and capital.

Excessive use of tariff and exchange controls.

Desire for too rapid industrialization and self-sufficiency.

Economic nationalism.

The satisfactory solution to Latin-American economic problems lies, to a large extent, on systematic research of the resources, potentialities and requirements of the areas. That is the lesson of the British colonies.[58] Use of such projects as the recent joint United States-Brazilian survey may do much to resolve conflicting views of requirements for economic development. In the financial field, the United States Export-Import Bank, the International Monetary Fund and International Bank for Reconstruction and Development are paving the way toward solving the problem of large capital loans to Latin America. In the field of trade, the United States reciprocal trade agreements which started in 1934 represent a perceptible movement toward free multilateral trade. They can have immense effect if they are expanded and are carried out with more liberal concessions by the United States, for by lowering our trade barriers in appreciable amounts, we create a much greater demand for Latin-American products under price conditions favorable to the producers.

Basically our major efforts in assistance must be directed in channels such as are visualized in the Point IV program. However to be successful these must operate on much broader scales than they have in the past. Government agencies such as the Inter-Departmental Committee on Scientific and Cultural Cooperation (SCC), the Institute of Inter-American Affairs (IIAA), and private enterprises like the Economic Basic Economy Corporation (IBEC) and the American International Association for Economic

and Social Development (AIA) must be given much greater financial support.[59/] In the past their operation has been limited to a minor role in the effect on Latin-American progress by insufficient budgets. Finally, we must utilize to the utmost the inter-American and international organizations which have been set up for the specific purpose of resolving the problems we are discussing. The Inter-American Economic and Social Council of the Organization of American States is of course the primary body equipped to deal with Latin-American economic problems. Its membership includes economic experts of every Latin-American country and the United States, and its stated objective is to improve economic conditions in Latin America through cooperative efforts. The Economic and Social Council of the United Nations has one section devoted entirely to Latin-American problems;and various international organizations such as the International Trade Organization and international conventions for the control and distribution of specific products (wheat, tin, sugar, etc.) will exercise great influence on Latin America. We have the necessary organization to give Latin America assistance needed in solving her economic problems. What we do need is greater realization of the importance of Latin America to the United States and more positive implementation of efforts to solve her economic problems.

TABLE I

SUPPLY OF STRATEGIC AND CRITICAL MATERIALS

UNITED STATES AND WESTERN HEMISPHERE

(1937-1939 Average)

Strategic Materials	Production as percentage of U.S. Consumption	
	Western Hemisphere	United States
Quartz crystal	2208.4	0.0
Nickel	276.8	0.9
Antimony	150.4	10.7
Tungsten (content)	110.2	48.2
Mercury	98.0	70.3
Manganese (ore over 35% Mn)	54.7	4.5
Tin (ore content)	42.7	0.2
Chromium (chromite)	17.5	0.5
Quinine (cinchona bark)	10.6	0.0
Rubber (crude)	3.7	0.0
Mica splittings	2.3	0.0
Silk (raw)	0.2	0.0
Manila fiber	0.0	0.0
Coconut shell char	n.a.[a]	n.a.[a]
Platinum	209.0	28.4
Wool (greasy basis)	189.0	80.5
Hides	156.0	75.1
Aluminum	154.0	57.7
Asbestos (unmfd.)	145.3	5.1
Iodine	144.5	22.3
Tanning materials	136.3	56.2
Phenol	119.8	119.8
Vanadium	111.8	47.0
Toluol	100.2	100.2
Graphite (natural)	50.6	n.a.[a]
Optical glass	50.0	50.0
Cork	0.0	0.0
Kapok	0.0	0.0
Opium	0.0	0.0

[a] Not available

Source: Horn, Paul V. and Hubert E. Bice. Latin-American Trade and Economics. New York: Prentice-Hall, Inc., 1949, p. 76.

TABLE II

RELATIVE POSITION OF PRINCIPAL COMMODITIES IN THE EXPORT TRADE OF TWENTY LATIN AMERICAN REPUBLICS, 1938

Region	Leading Commodity	Per cent	2nd Commodity	Per cent	3rd Commodity	Per cent	Percentage of total	Percentage of all others
East Coast, S.A.								
Argentina	Corn	26.9	Linseed	12.8	Wheat	10.3	50.0	50.0
Brazil	Coffee	45.5	Cotton	19.1	Cocoa	5.3	69.9	30.1
Uruguay	Wool	40.4	Meats	9.4	Hides	7.6	57.4	42.6
Paraguay	Cotton	28.4	Quebracho extract	21.7	Hides	12.3	62.4	37.6
West Coast, S.A.								
Chile	Copper	38.0	Nitrate	28.2	.....	.....	66.2	33.8
Peru	Cotton	27.3	Petroleum	23.2	Copper	12.8	63.3	36.7
Bolivia	Tin	71.4	Silver	12.3	.....	.....	63.3	16.3
Ecuador	Cocoa	21.1	Minerals	19.2	Petroleum	13.1	53.3	46.7
Middle America								
Venezuela	Petroleum	89.0	Coffee	5.2	.....	.....	94.2	5.8
Mexico	Silver	21.9	Lead	9.9	Petroleum	5.6	37.4	62.6
Cuba	Sugar	72.7	Tobacco	5.9	.....	.....	78.6	21.4
Colombia	Coffee	58.4	Petroleum	17.9	Gold	13.2	89.5	10.5
Guatemala	Coffee	70.2	Bananas	25.0	.....	.....	95.2	4.8
Dominican Republic	Sugar	59.8	Cocoa	13.3	Coffee	7.2	80.3	19.7
El Salvador	Coffee	89.2	Gold and silver	5.7	.....	.....	94.9	5.1
Costa Rica	Coffee	57.5	Bananas	23.5	Cocoa	10.4	91.6	8.4
Honduras	Bananas	82.3	Gold and silver	9.0	.....	.....	91.3	8.7
Haiti	Coffee	62.1	Cotton	15.3	Sugar	8.1	85.5	14.5
Nicaragua	Coffee	45.5	Bananas	38.0	Gold	8.5	92.0	8.0
Panama	Bananas	73.6	.....	....	.....	.....	73.6	26.4

Source: Horn, Paul V. and Hubert E. Bice. Latin-American Trade and Economics. New York; Prentice-Hall, Inc., 1949, p. 134.

RESTRICTED

TABLE III

TRADE OF LATIN-AMERICAN REPUBLICS WITH EUROPE, 1938

Countries	Exports to Europe (Percentage of totals)	Imports from Europe (Percentage of totals)
Bolivia	91.0	36.4
Uruguay	77.9	56.4
Argentina	77.6	55.9
Dominican Republic	57.0	22.1
Haiti	53.5	33.0
Chile	53.1	50.8
Brazil	52.3	54.2
Costa Rica	48.6	37.0
Peru	44.1	45.8
Paraguay	36.8	32.3
Ecuador	36.6	49.2
El Salvador	30.9	46.3
Mexico	29.0	37.3
Guatemala	29.0	50.5
Nicaragua	25.3	29.6
Colombia	21.8	44.8
Cuba	21.0	18.5
Honduras	8.9	19.0
Venezuela	8.5	39.1
Panama	4.8	19.7
Total Latin-American Republics	45.7	47.0

Source: Horn, Paul V. and Hubert E. Bice. Latin-American Trade and Economics. New York; Prentice-Hall, Inc., 1949, p. 127.

TABLE IV
RELATIVE IMPORTANCE OF THE UNITED STATES IN THE TRADE OF LATIN-AMERICAN REPUBLICS, 1938,1946[a]

Countries arranged in order of percentage of exports to the U.S. in 1938

Country	Exports to United States: Value (Millions)		Exports to United States: Percentage of Total		Imports from United States: Value (Millions)		Imports from United States: Percentage of Total	
	1938	1946	1938	1946	1938	1946	1938	1946
Panama	$ 3.3	5.8	89.2	85.3	$ 10.1	46.3	57.6	68.8
Honduras	6.4	9.4	86.5	66.6	5.9	18.5	62.0	94.4
Cuba	108.4	323.0	75.9	77.7	75.2	367.1	70.9	86.9
Guatemala	11.3	31.2	69.4	88.0	7.5	23.0	44.7	63.5
Mexico	125.4	232.7	67.4	57.5	63.3	496.4	57.7	91.2
Nicaragua	4.0	6.4	67.3	35.4	3.1	12.1	59.7	80.7
El Salvador	6.8	15.2	61.8	58.0	4.3	13.7	46.7	64.9
Colombia	55.6	156.6	59.0	77.9	44.4	144.7	49.9	62.0
Costa Rica	4.6	10.6	45.6	74.6	6.2	22.6	49.1	75.6
Haiti	3.0	17.7	42.8	77.6	4.1	12.5	54.3	78.6
Ecuador	4.7	13.2	37.5	33.2	3.8	22.1	34.6	72.0
Brazil	101.4	408.0	34.3	41.6	71.5	353.3	24.2	57.2
Dominican Republic	4.6	20.2	32.1	31.2	6.1	29.3	53.5	75.6
Peru	20.6	35.9	26.8	23.6	20.0	63.0	34.2	51.1
Chile	22.1	83.9	15.7	36.6	28.6	76.6	27.8	39.0
Venezuela	37.1	119.6	13.2	39.9	54.9	210.8	56.4	84.6
Paraguay	1.0	3.8	12.2	17.6	0.9	5.5	9.6	30.6
Argentina	37.1	194.3	8.5	16.4	76.0	190.8	17.7	33.3
Bolivia	1.6	24.0	4.6	33.1	6.6	21.7	25.5	41.6
Uruguay	2.2	48.2	4.0	31.5	5.0	47.4	11.8	32.2
20 Latin-American Republics	544.0	1759.7	30.2	39.4	498.3	2177.4	33.9	62.4

[a]The 1938 value figures, taken from The Tariff Commission Report, show an import balance of trade for the United States of $45.7 million in 1938. The Department of Commerce figures for the same year, ..., give an export merchandise balance for the United States of $45.3 million. The Tariff Commission figures are compiled from Latin-American sources and generally include gold and silver; the Department of Commerce data are compiled from export and import entries and exclude precious metals. The 1946 value figures for Dominican Republic, Paraguay, and Venezuela were partly estimated, and percentage figures for all countries were calculated from basic data. In 1947 Latin America sold 39.7% of its exports in the United States and obtained 65.9% of its imports here.

Source: Horn, Paul V. and Hubert E. Bice. Latin-American Trade and Economics. New York: Prentice-Hall, Inc., 1949, p. 162.

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